

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2697 - SB 2854**

February 23, 2020

**SUMMARY OF BILL:** Requires providers of telecommunications services to collect and remit \$0.01 per phone call made that originates in, or is received in the state of Tennessee. Exempts telecommunications services billed or charged to federal, state, or local government entities.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$46,800,300/FY20-21  
\$93,600,600/FY21-22 and Subsequent Years**

Assumptions:

- The effective date of the proposed legislation is January 1, 2021
- According to the United States Census Bureau, the population of Tennessee is 6,829,174.
- Based on the Hiya State of the Phone Call Report, approximately 2,580 phone calls are made or received annually per person in Tennessee, or a total of 17,619,268,920 (2,580 x 6,829,174).
- Assuming 6.8 percent of all calls are between government entities, or at least party involved is a government entity, the total number of taxable calls would be 16,421,158,633 [ $17,619,268,920 \times (100\% - 6.8\%)$ ]
- According to the Federal Communications Commission (FCC) 86 percent or 14,122,196,425 ( $16,421,158,633 \times 86\%$ ) of calls are between two entities within the same state, making the chargeable amount half of the total, or 7,061,098,213 ( $14,122,196,425 / 2$ ) since it only constitutes one call.
- The remaining 14 percent ( $100\% - 86\%$ ), or 2,298,962,209 ( $16,421,158,633 \times 14\%$ ), would be to or from entities where one party is outside of the state.
- The recurring increase in state revenue is estimated to be \$93,600,604 [ $(2,298,962,209 + 7,061,098,213) \times \$0.01$ ]. Due to the effective date, the first year impact (FY19-20) will be equal to 50 percent of the full-year, or \$46,800,302 ( $\$93,600,604 \times 50\%$ ).

## **IMPACT TO COMMERCE:**

**NOT SIGNIFICANT**

### **Assumptions:**

- Providers of telecommunications services will not incur a significant increase in expenditures associated with collecting and remitting the required fee.
- Any change in revenue to businesses as a result of this legislation is estimated to be not significant.
- Based on the requirements put on telecommunications companies in the proposed legislation, it is estimated that there will be no change in the number of jobs.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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